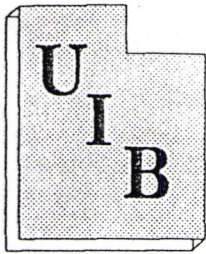

** TRANSMIT CONFIRMATION REPORT **

Journal No. : 020
Receiver : 8015394200
Transmitter : DIV OIL GAS & MINING
Date : Jul 17, 95 15:22
Document : 06 pages
Time : 03'44"
Mode : G3 NORMAL
Result : OK

M/015/061

FAX TO WALT PHELPS, BLM STATE OFFICE



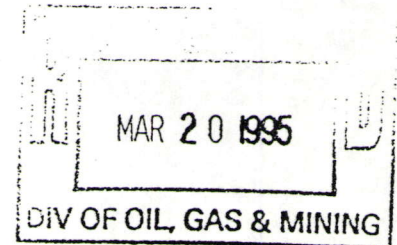
UTAH INDEPENDENT BANK

M/015/061
UTU-69862

55 South State
Salina, Utah 84654
Phone (801)529-7459

Letter of Credit No.: 25069659
March 17, 1995

Utah Independent Bank
March 17, 1996



Utah Division of Oil, Gas and Mining
3 Triad Center, Suite 350
Salt Lake City, UT 84180-1203

United States Department of Interior
Bureau of Land Management
Moab District
San Rafael Resource Area
900 North 700 East
Price, UT 84501

Gentlemen and Ladies:

1. Utah Independent Bank, Salina, Utah, hereby establishes this irrevocable Letter of Credit in favor of the Utah Division of Oil, Gas and Mining ("Division") for an aggregate amount not to exceed \$40,800.00 in United States dollars effective immediately.

2. This Letter of Credit will expire upon the earlier to occur of (a) 5:00 o'clock p.m. (Salt Lake City time) on March 17, 1996 and (b) the date upon which documents are executed pursuant to which the Division releases Western Clay Company from liability for reclamation of the Western Clay Company mines, no.

3. The Letter of Credit will be automatically extended for successive periods of one year from the current or any future expiration date unless the Utah Independent Bank gives notice to the Division 90 days prior to the expiration date that the Utah Independent Bank elects not to renew the Letter of Credit.

4. Funds under the Letter of Credit are available against the Division's sight draft, in the form of Exhibit A, specifying Letter of Credit No.: _____ delivered to the office of the Utah Independent Bank, 55 South State Street, Salina, Utah. At the Division's sole election, the Division may present sight drafts for less than the face amount so long as the aggregate amount of all sight drafts does not exceed the face amount. Each draft must be accompanied by a certificate in the form of Exhibit B, signed by a duly authorized representative of the Division.

5. If the Utah Independent Bank receives the Division's sight draft(s) and certificate(s) as provided in Paragraph No. 4 above on or before the expiration or termination date of this Letter of Credit, Utah Independent Bank will make such amount as the Division may specify, within the limits of the second sentence of Paragraph No. 4 of this Letter of Credit, available to the Division no later than the close of business, Salt Lake City time, on the second business day following the Utah Independent Bank's receipt of the sight draft and certificate and in such a manner as the Division may specify.

6. The Utah independent Bank will give prompt notice to Western Clay Company, and to the Division Director of any notice received or action filed alleging the insolvency or bankruptcy of the Utah Independent Bank, or alleging any violations of regulatory requirements which could result in suspension or revocation of the Utah Independent Banks charter or license to do business.

FLM
LISTED
HERE

BUT,

NOT
HERE

7. The Letter of Credit will be governed by the laws of the State of Utah and shall be subject to the Uniform Customs and Practice for Documentary Credit, 1983 revision, International Chamber of Commerce Publication No. 400, as the same may be amended and in effect from time to time ("UCP"). In the event of a conflict between Utah Law and the UCP, Utah Law shall govern.

8. All communications regarding this Letter of Credit will be addressed to the Utah Independent Bank, 55 South State Street, Salina, Utah, referencing Letter of Credit No.:

Very truly yours,

Utah Independent Bank

By: Mike Shaw
Mike Shaw - Cashier

MWS/lc

cc: Western Clay Company
file

Joint Agency LOC

Letter of Credit No. _____

Date: _____

UTAH DIVISION OF OIL, GAS AND MINING
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

and
and

WAIT,
THIS WILL BE THE
FORM FOR THE NEW
VERSION OF WESTERN CLAY'S
LOC. WE WOULD
ADD IN ~~AS DEPT. OF INTERIOR~~
"U.S.D.I - BUREAU OF LAND MANAGEMENT"
AS COOPERATIVE AGENCY.
LET ME KNOW IF THAT IS
UNACCEPTABLE.
THANKS!
Tony J.

Form Last Revised - December 12, 1994

Gentlemen and Ladies:

1. _____ [Name of Bank or Surety], ("Surety"), of

[city/state], hereby establishes this irrevocable letter of credit
(the "Letter of Credit") in favor of the Utah Division of Oil, Gas and Mining ("Division") for itself and as agent
for the _____ [Cooperative Agency] (collectively, the
"Beneficiaries") for an aggregate amount not to exceed \$ _____ [reclamation cost
estimate] in United States dollars ("Face Amount") effective immediately.

2. This Letter of Credit will expire upon the first event set forth as follows: (a) 5:00 o'clock p.m. (Salt
Lake City time) on _____ [expiration date] or (b) the date upon which sufficient documents are
executed by the Division to release _____ ("Operator") from
further liability for reclamation of the _____ [mine], _____
[mine permit #] with notice to Bank or Surety by the Division accompanied by the original Letter of Credit with
directions for cancellation.

3. This Letter of Credit will be automatically extended for successive periods of one year from the current
or any future expiration date unless the Surety gives notice to the Division 90 days prior to the expiration date that
the Surety elects not to renew the Letter of Credit.

4. Funds under the Letter of Credit are available against the Division's sight draft, in the form of Exhibit A, specifying Letter of Credit No. _____ delivered to the office of the Surety, _____ - _____ [address]. At the Division's sole election, the Division may present sight drafts for less than the Face Amount so long as the aggregate amount of all sight drafts does not exceed the Face Amount. Each draft must be accompanied by a certificate in the form of Exhibit B, signed by a duly authorized representative of the Division.

5. If the Surety receives the Division's sight draft(s) and certificate(s) as provided in Paragraph No. 4 above on or before the expiration or termination of this Letter of Credit, the Surety will make such amount as the Division may specify, within the limits of the second sentence of Paragraph No. 4 of this Letter of Credit, available to the Division no later than the close of business, Salt Lake City time, on the second business day following the Surety's receipt of the sight draft and certificate and in such a manner as the Division may specify.

6. The Surety will give prompt notice to the Operator and to the Division Director of any notice received or action filed alleging the insolvency or bankruptcy of the Surety, or alleging any violations of regulatory requirements which could result in suspension or revocation of the Surety's charter or license to do business.

7. The Letter of Credit will be governed by the laws of the State of Utah and shall be subject to the Uniform Customs and Practice for Documentary Credit, 1993 revision, International Chamber of Commerce Publication No. 500, as the same may be amended and in effect from time to time ("UCP"). In the event of a conflict between Utah law and the UCP, Utah law shall govern.

8. All communications regarding this Letter of Credit will be addressed to the Surety _____ [address], referencing Letter of Credit No. _____.

Very truly yours,

The Surety

By: _____
(Name typed or printed)

(Authorized Signature)

EXHIBIT A - SIGHT DRAFT

to
Letter of Credit Number _____

Date	City, County	Letter of Credit No.

PAY TO THE ORDER OF: Utah Division of Oil, Gas and Mining.

_____ DOLLARS

TO: (Name of Bank or Surety)
and
(Address)

Utah Division of Oil, Gas and Mining
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

By: _____
Authorized Signature



Michael O. Leavitt
Governor
Ted Stewart
Executive Director
James W. Carter
Division Director

State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

EXHIBIT B

to
Letter of Credit Number _____

I, _____ a duly authorized representative of the Utah Division of Oil, Gas and Mining, hereby certify that (1) the drawing in the amount of \$ _____, by sight draft accompanying this certificate, under Letter of Credit No. _____ dated _____ issued by you is permitted under the provision of the Letter of Credit, (2) the Letter of Credit has neither expired nor terminated pursuant to its terms, (3) the amount of the sight draft, together with any amounts previously drawn under the Letter of Credit, does not exceed the Face Amount, and (4) the Utah Board of Oil, Gas and Mining, after notice and hearing, has entered an Order which has not been stayed, ordering forfeiture of the Reclamation Contract number _____, in accordance with applicable law. Proceeds of this drawing will be utilized in full to pay the expenses relating to the reclamation liability for the _____ [mine], _____ [mine permit #].

The Utah Division of Oil, Gas and Mining

By: _____
Authorized Signature

Date _____

3JOINTLOC

